

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re: Rhodes Arizona Properties, LLC, an Arizona Limited Liability Company

Case No. 09-14868

**CHAPTER 11
MONTHLY OPERATING REPORT
(GENERAL BUSINESS CASE)**

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: May-09

PETITION DATE: 03/31/09

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).
Dollars reported in \$1

	End of Current Month	End of Prior Month	As of Petition Filing
2. Asset and Liability Structure			
a. Current Assets	\$200,000	\$200,000	
b. Total Assets	\$5,980,887	\$5,980,935	\$5,980,983
c. Current Liabilities	\$80,997	\$40,568	
d. Total Liabilities	\$3,595,646	\$3,554,717	\$3,514,650
3. Statement of Cash Receipts & Disbursements for Month	Current Month	Prior Month	Cumulative (Case to Date)
a. Total Receipts	\$325	\$200,000	\$200,325
b. Total Disbursements	\$325	\$200,000	\$200,325
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	\$0	\$0	\$0
d. Cash Balance Beginning of Month	\$200,000	\$200,000	\$200,000
e. Cash Balance End of Month (c + d)	\$200,000	\$200,000	\$200,000
4. Profit/(Loss) from the Statement of Operations	Current Month	Prior Month	Cumulative (Case to Date)
	(\$40,977)	(40,115)	(\$81,092)
5. Account Receivables (Pre and Post Petition)	\$0	-	
6. Post-Petition Liabilities	\$80,997	40,568	
7. Past Due Post-Petition Account Payables (over 30 days)	\$0	-	

At the end of this reporting month:

- | | <u>Yes</u> | <u>No</u> |
|--|------------|-----------|
| 8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee) | | x |
| 9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee) | | x |
| 10. If the answer is yes to 8 or 9, were all such payments approved by the court? | | |
| 11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee) | | x |
| 12. Is the estate insured for replacement cost of assets and for general liability? | x | |
| 13. Are a plan and disclosure statement on file? | | x |
| 14. Was there any post-petition borrowing during this reporting period? | | x |
15. Check if paid: Post-petition taxes x ; U.S. Trustee Quarterly Fees x ; Check if filing is current for: Post-petition tax reporting and tax returns: x .
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 6/18/09


Responsible Individual

STATEMENT OF OPERATIONS

(General Business Case)

For the Month Ended 05/31/09

Current Month				Cumulative (Case to Date)	Next Month Forecast
Actual	Forecast	Variance			
		\$0	Revenues:		
		\$0	1 Gross Sales		
		\$0	2 less: Sales Returns & Allowances		
\$0	\$0	\$0	3 Net Sales	\$0	\$0
\$0		\$0	4 less: Cost of Goods Sold (Schedule 'B')		
\$0	\$0	\$0	5 Gross Profit	\$0	\$0
		\$0	6 Interest		
		\$0	7 Other Income:		
		\$0	8		
		\$0	9		
\$0	\$0	\$0	10 Total Revenues	\$0	\$0
		\$0	Expenses:		
		\$0	11 Compensation to Owner(s)/Officer(s)		
		\$0	12 Salaries		
		\$0	13 Commissions		
		\$0	14 Contract Labor		
		\$0	Rent/Lease:		
		\$0	15 Personal Property		
		\$0	16 Real Property		
		\$0	17 Insurance		
		\$0	18 Management Fees		
\$48	\$48	\$0	19 Depreciation	\$96	\$0
		\$0	Taxes:		
		\$0	20 Employer Payroll Taxes		
		\$0	21 Real Property Taxes		
\$325	\$0	(\$325)	22 Other Taxes	\$325	
		\$0	23 Other Selling		
		\$0	24 Other Administrative		
\$40,604	\$40,000	(\$604)	25 Interest	\$80,671	\$40,000
		\$0	26 Other Expenses:		
		\$0	27		
		\$0	28		
		\$0	29		
		\$0	30		
		\$0	31		
		\$0	32		
		\$0	33		
		\$0	34		
\$40,977	\$40,048	(\$929)	35 Total Expenses	\$81,092	\$40,000
(\$40,977)	(\$40,048)	(\$929)	36 Subtotal	(\$81,092)	(\$40,000)
		\$0	Reorganization Items:		
		\$0	37 Professional Fees		
		\$0	38 Provisions for Rejected Executory Contracts		
		\$0	39 Interest Earned on Accumulated Cash from Resulting Chp 11 Case		
		\$0	40 Gain or (Loss) from Sale of Equipment		
		\$0	41 U.S. Trustee Quarterly Fees		
		\$0	42		
\$0	\$0	\$0	43 Total Reorganization Items	\$0	\$0
(\$40,977)	(\$40,048)	(\$929)	44 Net Profit (Loss) Before Federal & State Taxes	(\$81,092)	(\$40,000)
		\$0	45 Federal & State Income Taxes		
(\$40,977)	(\$40,048)	(\$929)	46 Net Profit (Loss)	(\$81,092)	(\$40,000)

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

BALANCE SHEET
(General Business Case)
For the Month Ended 05/31/09

Assets**From Schedules****Market Value****Current Assets**

1	Cash and cash equivalents - unrestricted		\$200,000
2	Cash and cash equivalents - restricted		
3	Accounts receivable (net)	A	\$0
4	Inventory	B	\$0
5	Prepaid expenses		
6	Professional retainers		
7	Other: _____		
8	_____		
9	Total Current Assets		\$200,000

Property and Equipment (Market Value)

10	Real property	C	\$3,269,668
11	Machinery and equipment	D	\$4,408
12	Furniture and fixtures	D	\$0
13	Office equipment	D	\$0
14	Leasehold improvements	D	\$0
15	Vehicles	D	\$0
16	Other: _____	D	
17	Capitalized Interest	D	\$2,506,811
18	_____	D	
19	_____	D	
20	_____	D	
21	Total Property and Equipment		\$5,780,887

Other Assets

22	Loans to shareholders		
23	Loans to affiliates		
24	_____		
25	_____		
26	_____		
27	_____		
28	Total Other Assets		\$0
29	Total Assets		\$5,980,887

NOTE:

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

Liabilities and Equity
(General Business Case)

Liabilities From Schedules**Post-Petition****Current Liabilities**

30	Salaries and wages		
31	Payroll taxes		
32	Real and personal property taxes		
33	Income taxes		
34	Sales taxes		
35	Notes payable (short term)		
36	Accounts payable (trade)	A	\$0
37	Real property lease arrearage		
38	Personal property lease arrearage		
39	Accrued professional fees		
40	Current portion of long-term post-petition debt (due within 12 months)		
41	Other: <u>Note Payable - Heritage LOC</u>		\$80,997
42			
43			
44	Total Current Liabilities		\$80,997

Long-Term Post-Petition Debt, Net of Current Portion

45			
46	Total Post-Petition Liabilities		\$80,997

Pre-Petition Liabilities (allowed amount)

47	Secured claims	F	\$0
48	Priority unsecured claims	F	\$0
49	General unsecured claims	F	\$3,514,649
50	Total Pre-Petition Liabilities		\$3,514,649
51	Total Liabilities		\$3,595,646

Equity (Deficit)

52	Retained Earnings/(Deficit) at time of filing		\$122,352
53	Capital Stock		\$2,343,981
54	Additional paid-in capital		
55	Cumulative profit/(loss) since filing of case		(\$81,092)
56	Post-petition contributions/(distributions) or (draws)		
57			
58	Market value adjustment		
59	Total Equity (Deficit)		\$2,385,241
60	Total Liabilities and Equity (Deficit)		\$5,980,887

SCHEDULES TO THE BALANCE SHEET
(General Business Case)

Schedule A

Accounts Receivable and (Net) Payable

Receivables and Payables Agings	Accounts Receivable [Pre and Post Petition]	Accounts Payable [Post Petition]	Past Due Post Petition Debt
0 -30 Days	\$0	\$0	
31-60 Days			
61-90 Days			\$0
91+ Days			
Total accounts receivable/payable	\$0	\$0	
Allowance for doubtful accounts			
Accounts receivable (net)	\$0		

Schedule B

Inventory/Cost of Goods Sold

Types and Amount of Inventory(ies)	Inventory(ies) Balance at End of Month	Cost of Goods Sold
		Inventory Beginning of Month
		Add -
Retail/Restaurants -		Net purchase
Product for resale		Direct labor
		Manufacturing overhead
Distribution -		Freight in
Products for resale		Other:
Manufacturer -		
Raw Materials		
Work-in-progress		Less -
Finished goods		Inventory End of Month
		Shrinkage
Other - Explain		Personal Use
TOTAL	\$0	Cost of Goods Sold
		\$0

Method of Inventory Control

Do you have a functioning perpetual inventory system?

Yes ☐ No ☐

How often do you take a complete physical inventory?

Weekly ☐
Monthly ☐
Quarterly ☐
Semi-annually ☐
Annually ☐

Date of last physical inventory was

Date of next physical inventory is

Inventory Valuation Methods

Indicate by a checkmark method of inventory used.

Valuation methods -

FIFO cost ☐
LIFO cost ☐
Lower of cost or market ☐
Retail method ☐
Other ☐
Explain ☐

Schedule C
Real Property

Description	<u>Cost</u>	<u>Market Value</u>
Total	\$0	\$0

Schedule D
Other Depreciable Assets

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Office Equipment	\$4,408	\$4,408
Total	\$4,408	\$4,408
Furniture & Fixtures -		
Total	\$0	\$0
Office Equipment -		
Total	\$0	\$0
Leasehold Improvements -		
Total	\$0	\$0
Vehicles -		
Total	\$0	\$0

Schedule E
Aging of Post-Petition Taxes
(As of End of the Current Reporting Period)

Taxes Payable	<u>0-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91+ Days</u>	<u>Total</u>
Federal					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
Total Federal Taxes	\$0	\$0	\$0	\$0	\$0
State and Local					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
Total State & Local Taxes	\$0	\$0	\$0	\$0	\$0
Total Taxes	\$0	\$0	\$0	\$0	\$0

Schedule F
Pre-Petition Liabilities

<u>List Total Claims For Each Classification -</u>	<u>Claimed Amount</u>	<u>Allowed Amount (b)</u>
Secured claims (a)		
Priority claims other than taxes		
Priority tax claims		
General unsecured claims	\$3,514,649	\$3,514,649

- (a) List total amount of claims even if under secured.
- (b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

Schedule G
Rental Income Information
Not applicable to General Business Cases

Schedule H
Recapitulation of Funds Held at End of Month

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>	<u>Account 4</u>
Bank	Mutual of Omaha			
Account Type	Operating			
Account No.	31514533			
Account Purpose	Checking			
Balance, End of Month				
Total Funds on Hand for all Accounts	\$200,000			

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 05/31/09

		Actual Current Month	Cumulative (Case to Date)
Cash Receipts			
1	Rent/Leases Collected		
2	Cash Received from Sales		
3	Interest Received		
4	Borrowings		
5	Funds from Shareholders, Partners, or Other Insiders		
6	Capital Contributions		
7	Transfer from Heritage	\$325	\$200,325
8			
9			
10			
11			
12	Total Cash Receipts	\$325	\$200,325
Cash Disbursements			
13	Payments for Inventory		
14	Selling		
15	Administrative		
16	Capital Expenditures		
17	Principal Payments on Debt		
18	Interest Paid		
	Rent/Lease:		
19	Personal Property		
20	Real Property		
	Amount Paid to Owner(s)/Officer(s)		
21	Salaries		
22	Draws		
23	Commissions/Royalties		
24	Expense Reimbursements		
25	Other		
26	Salaries/Commissions (less employee withholding)		
27	Management Fees		
	Taxes:		
28	Employee Withholding		
29	Employer Payroll Taxes		
30	Real Property Taxes		
31	Other Taxes		
32	Other Cash Outflows:		
33	Transfer to Heritage	\$0	\$200,000
34	Quarterly Chapter 11 Fee	\$325	\$325
35			
36			
37			
38	Total Cash Disbursements:	\$325	\$200,325
39	Net Increase (Decrease) in Cash	\$0	\$0
40	Cash Balance, Beginning of Period	\$200,000	\$200,000
41	Cash Balance, End of Period	\$200,000	\$200,000

STATEMENT OF CASH FLOWS
 (Optional) Increase/(Decrease) in Cash and Cash Equivalents
 For the Month Ended 05/31/09

		<u>Actual</u> <u>Current Month</u>	<u>Cumulative</u> <u>(Case to Date)</u>
Cash Flows From Operating Activities			
1	Cash Received from Sales		
2	Rent/Leases Collected		
3	Interest Received		
4	Cash Paid to Suppliers		
5	Cash Paid for Selling Expenses		
6	Cash Paid for Administrative Expenses		
	Cash Paid for Rents/Leases:		
7	Personal Property		
8	Real Property		
9	Cash Paid for Interest		
10	Cash Paid for Net Payroll and Benefits		
	Cash Paid to Owner(s)/Officer(s)		
11	Salaries		
12	Draws		
13	Commissions/Royalties		
14	Expense Reimbursements		
15	Other		
	Cash Paid for Taxes Paid/Deposited to Tax Acct.		
16	Employer Payroll Tax		
17	Employee Withholdings		
18	Real Property Taxes		
19	Other Taxes		
20	Cash Paid for General Expenses		
21	Transfer to Heritage	\$0	\$200,000
22			
23			
24			
25			
26			
27	Net Cash Provided (Used) by Operating Activities before Reorganization Items	\$0	(\$200,000)
Cash Flows From Reorganization Items			
28	Interest Received on Cash Accumulated Due to Chp 11 Case		
29	Professional Fees Paid for Services in Connection with Chp 11 Case		
30	U.S. Trustee Quarterly Fees	\$325	\$325
31			
32	Net Cash Provided (Used) by Reorganization Items	(\$325)	(\$325)
33	Net Cash Provided (Used) for Operating Activities and Reorganization Items	(\$325)	(\$200,325)
Cash Flows From Investing Activities			
34	Capital Expenditures		
35	Proceeds from Sales of Capital Goods due to Chp 11 Case		
36			
37	Net Cash Provided (Used) by Investing Activities	\$0	\$0
Cash Flows From Financing Activities			
38	Net Borrowings (Except Insiders)		
39	Net Borrowings from Shareholders, Partners, or Other Insiders	\$325	\$200,325
40	Capital Contributions		
41	Principal Payments		
42			
43	Net Cash Provided (Used) by Financing Activities	\$325	\$200,325
44	Net Increase (Decrease) in Cash and Cash Equivalents	\$0	\$0
45	Cash and Cash Equivalents at Beginning of Month	\$200,000	\$200,000
46	Cash and Cash Equivalents at End of Month	\$200,000	\$200,000

RAPFNGEN - RAP Operating

Statement Date: 05-31-2009 Bank Statement Ending Balance: 200,000.00

Op of Origin	Acct. Date	Description	ID	Subtraction	Addition	Voided Amount	Void Date
Outstanding Checks:							
AP	05-07-2009	US Dpt Jstc US Trstee Prgm	288			325.00	05-07-2009
						325.00*	

Outstanding Deposits:

Outstanding Withdrawals:

Outstanding Adjustments:

RAPFNGEN Total:

325.00

5-31-2009 Adjusted Bank Balance: 200,000.00

Register Balance as of Statement Date: 200,000.00

Register Balance Adjusted for Future Period Vds: 199,675.00

Bank: RAPFNGEN - RAP Operating
Reconciliation Status: Finished
Statement Date: 5-31-2009

Chck#/ Ty.	Deposit ID	Date	Description	Subtraction	Addition	Cleared Amount	Cleared Date
Chk	289	05-12-2009	US Dpt Jstc US Trstee Prgm	325.00		(325.00)	05-31-2009
Dep	5.09 hlc	05-31-2009	5.09 hlc sweep		325.00	325.00	05-31-2009
STATEMENT TOTALS:				<u>325.00</u>	<u>325.00</u>	<u>.00</u>	

<----- Number of Transactions ----->

	Total	Reconciled
Checks:	1	1
Deposits:	1	1
Withdrawals:	0	0
Adjustments:	0	0

<----- Cleared Amounts ----->

Checks:	(325.00)
Deposits:	325.00
Withdrawals:	.00
Adjustments:	.00

MUTUAL OF OMAHA BANK
P.O. Box 64084
Phoenix, AZ 85082
(888) 419-2207
www.fnbnonline.com

STATEMENT DATE: 5/29/09

ACCOUNT: 31514533

RHODES ARIZONA PROPERTIES, LLC
DEBTOR IN POSSESSION
OPERATING ACCOUNT
4730 S FORT APACHE RD STE 300
LAS VEGAS NV 89147-7947



STATEMENT SUMMARY

DEMAND DEPOSITS

200,000.00

BUSINESS ANALYSIS CK

RHODES ARIZONA PROPERTIES, LLC

Acct 31514533

Beginning Balance	5/01/09	200,000.00	
Deposits / Misc Credits	1	325.00	
Withdrawals / Misc Debits	1	325.00	
** Ending Balance	5/31/09	200,000.00	**
Service Charge		.00	
Average Balance		200,000	
Average Collected Balance		200,000	
Minimum Balance		200,000	

DEPOSITS/CREDITS

Date	Deposits	Activity Description
5/19	325.00	Transferred From DDA Acct#31513006

CHECKS

* indicates skip in check numbers

Date	Check No.	Amount	Date	Check No.	Amount	Date	Check No.	Amount
5/19	289	325.00						

DAILY BALANCE SUMMARY

Date	Balance	Date	Balance	Date	Balance
5/19	200,000.00				

Member FDIC

Rhodes Arizona Properties
Comprehensive Depreciation [Depreciation]
GAAP
For the Period May 1, 2009 to May 31, 2009

Asset ID	Selected Dates			Asset Balances					Depreciable Basis											Current & Accum Depreciation				
	Placed in Service Date	Disposal Date	Beginning	Additions	Deletions	Ending	Depr Meth/Conv	Life Yr/Mo	Book Cost	Credit Reduction	Bus. Use %	Net STRPA & AFYD	Prior Reported Depreciation	Depreciable Basis	Beginning Accum Depr	Current Depr & AFYD	Net Sec 179179A	Net Additions Deletions	Ending Accum Depr	Net Book Value				
Depr Exp GL Acct #: (no value)																								
RAP0000310	2/8/2007		1,042.07	0.00	0.00	1,042.07	SL100FM	10.0	1,042.07	0.00	100.00	0.00	199.73	1,042.07	234.46	8.68	0.00	0.00	243.14	798.93				
RAP0000020	2/8/2007		3,029.69	0.00	0.00	3,029.69	SL100FM	10.0	3,029.69	0.00	100.00	0.00	580.69	3,029.69	681.69	25.25	0.00	0.00	706.94	2,322.75				
RAP0000030	2/22/2007		1,677.66	0.00	0.00	1,677.66	SL100FM	10.0	1,677.66	0.00	100.00	0.00	321.56	1,677.66	377.48	13.98	0.00	0.00	391.46	1,286.20				
Subtotal: (no value) (3)			5,749.42	0.00	0.00	5,749.42			5,749.42	0.00	0.00	0.00	1,101.98	5,749.42	1,293.63	47.91	0.00	0.00	1,341.54	4,407.88				
Grand Total			5,749.42	0.00	0.00	5,749.42			5,749.42	0.00	0.00	0.00	1,101.98	5,749.42	1,293.63	47.91	0.00	0.00	1,341.54	4,407.88				